

Message Text

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APPROVED BY: EB/OCA/REP:GPWILSON

WARREN W. GLICK, ACTING EXECUTIVE VICE PRESIDENT

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FM SECSTATE WASHDC

TO AMCONSUL HONG KONG

UNCLAS STATE 183410

E.O. 11652: NA

TAGS: APUB, HK

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO HONG KONG

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE
DIRECT CREDIT OF DOLS 35,262,700 TO CATHAY PACIFIC AIRWAYS
LIMITED (CATHAY), OF HONG KONG. RELEASE IS SCHEDULED FOR
ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR AM.M. PAPERS,
THURSDAY, AUGUST 29, 1974.

QUOTE: EXIMBANK CREDIT OF DOLS 35,363,700 HELPS
FINANCE DOLS 78,586,000 SALE OF U.S. AIRCRAFT TO HONG KONG

TO SUPPORT A DOLS 78,586,000 SALE OF FOUR LOCKHEED L-1011-100
AIRCRAFT TOGETHER WITH RELATED SPARE PARTS AND GROUND EQUIP-
MENT TO HONG KONG, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT
BANK OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF
DOLS 35,363,700 TO FINANCE 45 PERCENT OF THE TOTAL U.S. COSTS.

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A CREDIT OF DOLS 35,363,700 FROM PRIVATE SOURCES NOT YET

DESIGNATED WILL FINANCE ANOTHER 45 PERCENT OF THE U.S. COSTS. THE OBLIGOR, CATHAY PACIFIC AIRWAYS LIMITED (CATHAY), OF HONG KONG, WILL MAKE CASH PAYMENT OF THE BALANCE OF 10 PERCENT OF THE TOTAL U.S. COSTS OR DOLS 7,858,600.

THE LOCKHEED AIRCRAFT CORPORATION OF BURBANK, CALIFORNIA, WILL MAKE DELIVERIES IN AUGUST AND SEPTEMBER 1975, AND MARCH AND OCTOBER 1976.

THE LOANS ARE TO BE REPAID IN THREE SCHEDULES OF 20 SEMIANNUAL INSTALLMENTS EACH BEGINNING MARCH 10, 1976, SEPTEMBER 10, 1976, AND MAY 20, 1977, RESPECTIVELY. EXIMBANK'S CREDIT OF DOLS 35,363,700 WILL BE REPAID OUT OF THE LAST 10 INSTALLMENTS OF EACH SCHEDULE AT AN INTEREST RATE OF 6 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT EXTENDED FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED INTEREST COSTS TO THE BORROWER OF ABOUT 7.85 PERCENT OF 8.1 PERCENT PER ANNUM. REPAYMENT OF THE EXIMBANK CREDIT IS TO BE GUARANTEED BY THE HONG KONG AND SHANGHAI BANKING CORPORATION. UNQUOTE KISSINGER

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